

# Lichfield Diocesan Board of Finance (Incorporated)

## Maintenance Budget 2016



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## **1. Overview**

**This section simply highlights some of the headlines within the budget; further detail is within this document**

- a) Parish Share average increase (base amount) at 1.0%**
- b) Inflation at 1.0%**
- c) Stipend/Salary increases set at 1.0%**
- d) Cost of Ministry increase by 1.0% to £51,990**
- e) To continue to match long term liabilities with “guaranteed” long term income**
- f) Utilise variable or less secure short term funding to support shorter term development work**
- g) Continue to invest in Diocesan Mission Orientated Projects to embrace the five Themes of Growth.**
- h) To continue to support viable existing projects**
- i) Implement transitional changes**

## **2. Diocesan Five Themes of Growth**

- **Discovering the Heart of God;**
- **Growing Disciples;**
- **Reaching New Generations;**
- **Transforming Communities**
- **Practising Generosity**

## **3. Introduction**

This report presents the Diocesan Budget of the Lichfield Diocesan Board of Finance for 2016. As in previous years, this document gives a summary of the income and expenditure budgets for 2016 and looks at the financial implications. A further document which includes the aims and objectives of all the different areas of expenditure will form part of an Annual Review 2015 document that will be presented to the Bishop Council in February 2016.

The Budget for 2016 whilst retaining the framework welcomed and approved at the Diocesan Synod in March 2010 of Putting Parishes First and centred on Proclaiming the Faith, also includes more strategic and development areas that complement the “Five Themes of Growth”.

In addition this is the fourth Budget to reflect the Plain Speaking/Deployment exercise that has been undertaken across the diocese, since its launch in January 2011. The 2016 budget sees a further 6 posts removed from the Stipend budget, towards the overall target of 40 posts.

It should be taken into consideration that whilst many will focus on the reduction of 40 posts across the Diocese by 2018, it is estimated that by 2020, more than twice that number of Stipendiary Ministers will retire. With

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fewer persons coming forward for vocation or calling to Stipendiary Ministry, the greater challenge may be how to fill the posts that are not to be reduced. This is not just an issue facing the Lichfield Diocese but a national issue facing every Diocese.

### **4. Diocesan Budget**

The Diocesan Budget represents the day-to-day transactions of the Board, including the receipts of the Parish Share and other income and the costs attributed to them, such as Stipends, and contributions to General Synod. It explains the costs that the Parish Share contributes towards and other areas of income that assist in meeting the liabilities of clergy stipends, housing, pensions, administration and central support services (Central Sector Ministry).

It **does not** contain the transactions of the Designated and Restricted Funds, unless any transfer or payment from the funds is due to the Unrestricted Funds. These Specialist Restricted Funds do not have individual budgets; however, their annual transactions are reported in the Board's Annual Management Accounts and the Trustees, Boards and Committees responsible for these Funds receive regular reports. Copies of these reports are available on request.

Such is the complex nature of the Church's Financial Rules and Regulations that some of the income and expenditure from the Designated and Restricted Funds affect the day-to-day transactions. These naturally have to be included in the Budget. They are as follows: -

- Church Commissioners' Mission Support (Stipend) Allocation
- Income from the Pastoral Fund, Trust Reserve, Diocesan Stipends Fund (Glebe), Stipend Trust Reserve and selected Designated Funds
- Income received from the Walter Stanley Trust
- Grants to/from any Designated or Restricted Fund expected within the year.

### **Diocesan Budget 2016**

As previously reported, after several years of managing deficit budgets, 2016 is specifically designed to be a break even budget. It is important that the Board has managed to produce a break even budget ahead of the substantial changes in National Church Funding. 2016 represent the final year of the latest triennial of Commissioners Allocation. Indicative funding reports from the National Church for the next ten years are encouraging and should enable the Board to continue to finance the day to day activities based upon previously produced forecast models and at the same time allow a secondary budget to be produced to offer strategic development across the diocese without placing additional financial pressures on parishes. This is explained further under Future forecasts on page 24.

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The latest forecast model indicates that the current strategic and financial models allow for the Diocese to create a sustainable platform, on the assumption that Parish Share targets are achieved, Church Commissioners Allocation forecasts are retained and there are no Pension “bombshells”.

As explained under section A2 – the Diocese will not only continue to receive Ministry and Mission support, but a sizable increase. Whilst the easy answer would be to allocate this to Stipends and alleviate pressure on Parish Share and Diocesan Expenditure, if the funding was ever to change in the future this would add immediate pressure on sizeable increases in Parish Share or further reductions in posts. It is felt far more strategic to maintain a steady budget and to try and keep share increases at low manageable and sustainable level. It remains far more strategic to match long term liabilities or costs to more guarantee fixed term income and allows the Diocese to identify shorter term and more variable income streams to shorter term liabilities. These shorter terms funds allow an opportunity to invest in new ways of reimagining Ministry and Mission that will hopefully have long term benefits.

In respect of Clergy Pensions, it has been agreed by the Pensions Board there would be no increase or change in contribution in 2014 and only a minimal increases from January 2015, however the National Stipends Benchmark, the figure against which contribution rates are charged, has been rebased. Whilst this is good news in the short term concerns do remain over the long term sustainability of the fund, without diluting further the benefits to the Clergy.

This Budget includes a reduction in increase of the base Parish Share increase from 1.50% in 2015 to 1% in 2016. However with the new Apportionment System being in place the actual amount shown in the budget marginally decreases due to the known changes in deployment as explained under Section A1.

Once again the budget includes the Diocese full national intake of allocation of curates – 12 for 2016, as well as continuing to support the Ministry Development Budget, ensuring that the Diocese correctly resources the required changes in legislation under Ministerial Development Reviews and Clergy Terms of Service.

### **Income**

#### **A1 - Parish Share**

The Parish Share is by far the largest source of income for the Diocese and it remains remarkable how parishes raise and pay over £11m each year to support the Mission and Ministry of the Church across the Diocese.

In March 2012 a new Share Apportionment System was agreed by Diocesan Synod that came into effect on January 2013. The new System is based around Cost of Ministry with the aim over time that each parish will pay for their particular Cost of Ministry. It is appreciated that the rate of change is slow but this avoids non collectable and unsustainable large increases in parishes share requests. Hopefully it reflects smaller and achievable increases over time. It is equally appreciated that this

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also means larger contributing parishes are expected to continue to support receiving parishes for an extended period of time.

At present 258 (225 - Jan 2014) of the 454 (451) Parish Share Units pay for their actual cost of ministry, taking into consideration mutual support and the allocation of Church Commissioners Support. Where parishes are currently positioned is defined by a K ratio. This is calculated by adding the share requested plus any Church Commissioners Allocation, divided by the Parishes Cost of Ministry. The aim is to get every parish ideally to a K ratio of 1.1 – paying for their costs and contributing towards additional Mission and Ministry.

For those parishes with a K ratio greater than 1.1, these parishes will receive a lower than Diocesan Average Increase in Share to slowly bring their ratio down, whilst those with a Ratio lower than 1.0 will receive a proportionally higher increase than the diocesan average to move their share towards the desired aim. More detail on the system can be found on the website

<http://www.lichfield.anglican.org/ourdiocese/parish-resources/>

An interim review of the new system was undertaken in 2015. It was felt there was no need for any changes at this stage. The next review is due in 2019 with any agreed changes will be implemented in 2020.

The largest change in the new System is the reduction of Share for those parishes that reduce their deployment. Under the new system, the “savings” from a reduction in a post are shared equally between the Board and the parish. During times of change this particular change in the system has been welcomed and allowed parishes to identify what they can realistically afford and sustain.

From a budget point of view due to the timing of the consultations, a factor has been introduced to estimate those parishes whose share will fall if their deployment falls before the start of the New Year. It is a difficult exercise to estimate a precise figure as it should be appreciated that it depends very much on which specific parish and by what deployment change to work out an exact figure.

In addition some of the required deployment changes have already been implemented and reflected within the budget – both income and expenditure, so there is a little bit of a mixed economy at this time of year.

As one can appreciate as soon as a parish identifies a change in deployment they want the share to reflect this immediately, even if the actual change has not yet taken place. There is a process for changes in deployment that should be adhered to an approval of Area Mission and Pastoral Committee is required. In order to try and formalise the procedure going forward, it is suggested that there is a cut off point each year of **31 October** – changes after that date will not be reflected until the following years share calculation. Where ever possible a proportionate Special Assessment may be given to any parish where the changes are made after the cut-off date.

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The new system has allowed the Board to fulfil the wishes of the Church Commissioners in showing where their Ministry Support is allocated each year. The new system allows for support to Urban Priority Parishes, up to 24% of their Cost, and also Small Rural Parishes, up to 32% of their costs. In addition the Church Commissioners Ministry Support Allocation supports Mission and Pioneer posts across the Diocese. So far the allocation has been well received by the Church Commissioners. It is worth remembering that this is an apportionment exercise. With the reduction in Stipendiary numbers, the share requested in the Budget will be marginally lower in 2016 than in 2015. In reality this reduction has been created by the changes that have already taken place in 2015 and known for 2016. Whilst it is appreciated there will always remain some change between Budget and Actual during this transitional period of change, it is envisaged this will smooth out in later years.

With the shortfall provision the Budget for 2016 actually shows a net share receipt of £11.156m – which is marginally lower than the £11.184m in the 2015 budget but in line with the £11.2m received per annum for 2010 to 2014 and predicted to be the net receipt in 2015. It is therefore not an unreasonable net target for 2016 that is realistic and deliverable.

It is felt that this gives the Budget some solid foundation going forward, after all one of the crucial elements in any budget is ensuring the income to be received is realistic and deliverable. Quite often expenditure can be controlled but income is normally far harder to predict and receive.

Using the new system the Board aims to work towards a period of consistency which will allow the Board to forecast share increases for each parish (subject to local variations) for as many years as they wish. This in turn should help parishes to set realistic budgets for future years and as a result review not only their expenditure but income and levels of giving.

The Share is currently 66.88% (68.05% in 2015) of the income generated by the Board compared to 51% in 1991. Excluding the Mission funding received from the National Church the Share would represent 70.21% (70.99% in 2015) of income. It is the aim of FACS to try and keep this level as close to 70% as possible, although some Dioceses have the Share representing 80% of their overall income.

### **A2 – Church Commissioners Funding**

#### **Ministry Support (Stipend Allocation)**

As reported last year, conversations have been on going between the Diocese and the Strategy Department of the Church Commissioners concerning future Ministry Support (Stipend Allocation) for poorer Diocese (defined by historical resources). The aim has been to try and obtain a view as to the longer term expectation over the minimum amount Lichfield would be fortunate to receive. The strategic approach being taken by the Board is that this would be treated as long term income and fixed, to help support longer term posts and liabilities.

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Anything over and above the minimum figure would be treated as short term and variable income and would be matched against shorter term or more flexible liabilities. i.e. if the funding ceased then the work attached to the funding could cease as well.

The Commissioners have very much supported this theory and strategy and in October 2013, changed the rules on the use of the Ministry Allocation to allow Diocese to use the funds for other purposes than Stipends.

The Short Term funding is a key instrument in the strategic budget that is set out in this document. This should be seen as an opportunity to develop strategic and Mission orientated work.

In the summer of 2015 the Church Commissioners gave their first indication of future funding patterns for the next three triennial (2017 – 2025). For many years the Ministry Support (Stipend Allocation) has been a hugely complicated formula known as the Darlow formula. This will cease for future calculations after 2016. The new formula under the policy of Resourcing the Future, simply takes into consideration the average income across the diocese and population. As a result the Lichfield Diocese has provisionally moved from 5<sup>th</sup> in the support list to second.

Whilst there is a transitional period of for these changes to take place indications are that the Board will receive approx. £2.2m in Ministry Support until 2019, at which point it will fall to £2.1m until 2025. There will also be a one off restructure grant of £700,000 in 2017 – this is a one off payment that all dioceses will receive.

The amount being received from the Church Commissioners in 2015 is £2.151m. This will rise in 2016 to £2.253m.

Within the Budget the Allocation is split. The funds ring fenced for Stipends is believed to be more secured longer term funding - £1.75m. This figure has been derived from conversations with the Commissioners and ties in with the forecast models that the Board has been operating in recent years. It is basically a figure that the Board strongly believe that the allocation awarded to Lichfield will not fall below.

The additional funds are used to support strategic development work in the diocese to compliment the five Themes. This is covered under Section B6. In simple terms it is designed to assist the diocese in becoming more financially stable and avoid fluctuations in the budget if for some reason one area requires significant additional funding, be it the General Synod apportionment, Ordinands Training or Pensions.

**Mission Development Fund:** - In addition to the Ministry Support allocation, the Church Commissioners distributes Mission Development Funding – every Diocese receives some form of this funding. In 2016 the Lichfield has been allocated £277,750 (£277,470 in 2015). Since 2006 the Diocese has received £2.594m from this funding and allocated it to the Diocesan Growth Fund to support over 400 Mission Projects across the Diocese. In 2005 some designated reserves were ring fenced to generate some additional income to supplement the Growth Fund. As at

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September 2015, over £2.946m have been awarded in grants to a variety of parish Mission projects over this period of time.

This funding started in 2002 when the Board set aside one third of the funds to support Church Without Walls in the Stafford Area and two thirds towards the cost of Stipends. Lichfield was the first to move this funding into a Growth Fund for Mission Development in 2005, and that has now been replicated across the National Church by most Diocese – although some still use the money to support the cost of Stipends.

Every three years at the start of the new Triennial Period Bishop's Council are asked to review this funding and allocate the funds accordingly. In 2013 (for the period 2014 – 2016) it was agreed to set aside £200,000 to support the Growth Fund and the remaining funds to be used for support projects and initiatives under **Transforming Communities (including Participatory Budgeting), Reaching New Generations and Following on**. This fund is allocated by the Budget Review Group who is accountable to Finance and Central Services Committee.

Under the new Allocation formula from the Church Commissioners the **Mission Development Funding will cease – so the 2016 funding represents the final payments from this fund**. It is to be replaced by a pot of money being made available called Strategic Development Funding. Dioceses are required to put in a bid for this money direct to the Church Commissioners. A bid from the Lichfield Diocese is currently being prepared.

If the Growth Fund is to continue in some format then it will need to be financed from a different source – possibly from the strategic budget. There will be no future funding from the Commissioners.

It is worth highlighting that 16 Dioceses receive no Ministry support. In total the Commissioners will allocate £41.501m in Ministry and Mission support to dioceses in 2016.

### A3 – Other Stipend Income

	Budget 2015	Budget 2016
Glebe Land Rents	176,800	182,104
Glebe House Rents	127,308	131,127
Parochial Fees	950,000	1,050,000
Trust Investment Income	114,155	117,580
Stipend Capital Account	380,567	391,984
Other Stipends Income	1,748,830	1,872,795

In recent years this section of income has risen substantially as the Board continues to ensure that reserves and assets are worked as hard as possible to ease the burden

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on parishes. In addition it is appreciated that in addition to the Parish Share that parishes generate over £1m in Parochial Fees, in addition to the Parish Share.

For 2016, this income section has risen by 7.09% - mainly due to the increase in budgeted parochial fees. With the apparent decline experienced in actuals in 2012 and with the new Fee Measure taking effect in 2013, there was natural caution with the 2014 Budget. However with the receipts experienced in the last two years and the current trend continuing in 2015, the increase in the budget is believed to be realistic.

However despite a fall of 4.39% in the 2014 Budget it should be remembered that this section increased by 14.64% in 2008, 11.47% in 2009, 5.13% in 2010, 4.90% in 2011 and despite a decline of 0.36% in 2012 and 4.39% in 2014 – there was a further increase of 4.33% in 2013 and 6.01% in 2015.

Despite difficult economic times, the Investment Income in both the Trust and Stipend Capital portfolio has continued to grow due to the aggressive nature of the Diocesan Investment Policy and continual review of assets and their capital and income generation. It is appreciated that a further increase of 3% in dividend income is an enormous challenge without any additional capital injection in this section of the Budget. However it is a necessary central challenge to try and further increase this form of self-generated income and continue to ease the pressure on the Parish Share.

#### A4 – Investments and Donations

	<b>Budget 2015</b>	<b>Budget 2016</b>
Parsonage Rent Received	127,308	131,127
Investment Dividends and Interest	694,562	715,387
Investment Income	821,870	846,514
All Churches Trust (EIG) Distributions	211,150	225,264
Total Donations	211,150	225,264
<b>Total</b>	<b>1,033,020</b>	<b>1,071,778</b>

This section in particular on Investment Income is linked to the above section.

In recent years this section again has seen significant increases. 2015 Budget was no exception with a budget increase of 9.24%; however the 2016 increase is a more modest 3.75%. This does set the investment Group a sizeable challenge in the current market.

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Over the last few years the diocese has been reducing the Housing Stock, to reflect the changes in deployment. Previous forecasts had included certain expectations, and for various reason these expectations have been adjusted annually. By the end of the 2014, it is expected that net sales will not be too far off the target of £3m. However recent indications show that this exercise will now slow down and due to relocation of posts and changes in deployment patterns it will be necessary to acquire some property.

The Budget Review Group and Finance and Central Services Committee have therefore changed the approach and will review annually the Housing Stock with the Director of Property and in light of the outcomes will decide on the balance of capital liquidity and potential additional funds to be reinvested. It should be highlighted as a Diocese, proceeds from sale of Houses is reinvested and not utilised to balance the books. This policy will continue.

Whilst this change in strategy may appear to alleviate the pressure on reducing the Housing Stock, it remains crucial that surplus assets are reviewed and appraised to the benefit of the diocese as a whole. The harder the reserves work and the greater funds that historical assets can generate will always ease the pressure on Parishes, and in particular the Parish Share. In addition careful management of the number of houses also reflects on the pressures on the Housing Maintenance Budget.

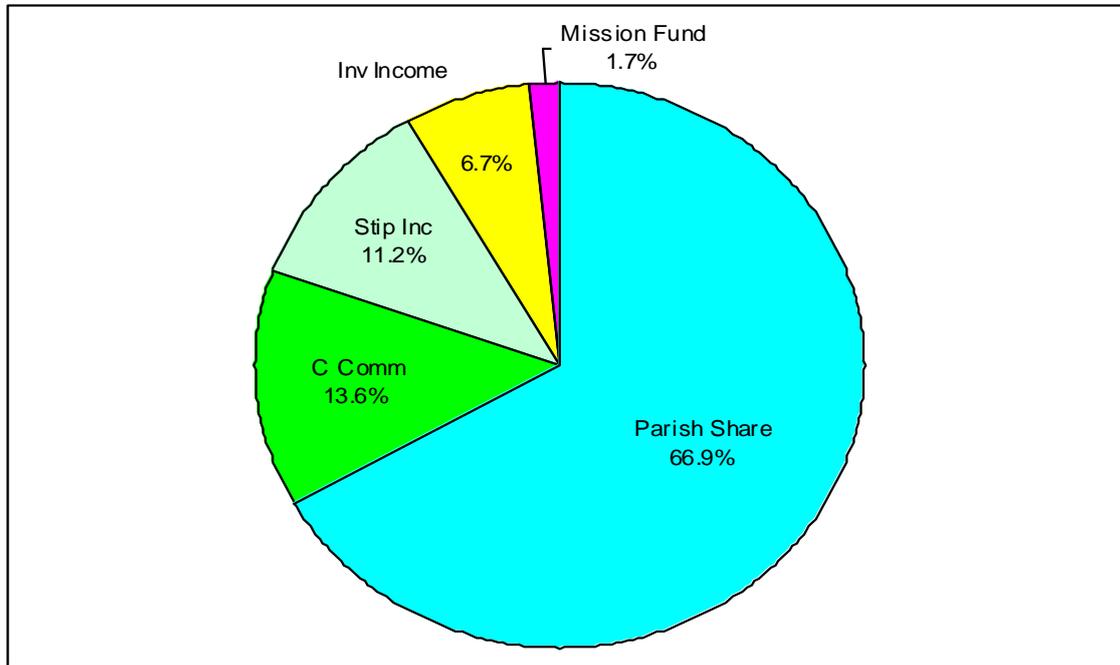
From the middle of 2015, the policy on the investment of future house sale proceeds has changed. The Diocese will start to build a new restricted fund that will aim to raise sufficient capital to generate a further £0.350m per annum in investment income to be used towards Mission orientated projects. The aim is that the new reserve will start to finance the Strategic Budget from 2018 or 2019. In the drawing up of this new reserve the Finance Committee and the Budget Review Group have not under estimated the need to keep share increases to a minimum, so there will be a fine balancing act between the two budgets that will be set each year.

In recent years similar challenges have been set and achieved, such as 11.70% in 2012, 4.25% for 2010; 27.59% in 2009; 14.53% in 2008 and 36% in 2007. Protection of capital remains a high priority rather than “purchasing income” by buying over priced stocks to generate unsustainable and unrealistic income streams.

The grant from the All Churches Trust is traditionally slightly higher than budgeted for. This has enabled some flexibility within the overall budget for other areas of shortfall in income. After discussion with the Trust it is expected that the 2016 Grant will be in the region of the figure budgeted for, subject to market and Insurance forces.

Historically this grant or donation has been fully used to support the Stipend costs. From 2014 it has been decided to set aside a relatively small sum – to compliment the balance of funds from the Mission Development fund to create a fund for Diocesan Projects (see B6).

**Income Budget – 2016**



**The above chart shows the Parish Share requested less Provision for Shortfall.**

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**Expenditure**

**Assumptions**

The expenditure budget takes into consideration the following assumptions: -

1. Internal Inflation at 1.0%
2. Stipend Increases at 1.0%
3. Salary increases at a maximum of 1.0%
4. National Minimum Stipend increase at 1.50%
5. Pension Contribution rate of 39.90%

**B1 - Stipends**

These costs are divided between direct and Indirect costs as follows: -

	<b>Budget 2015</b>	<b>Budget 2016</b>
<b>Direct Costs</b>		
Stipends	6,558,030	6,511,833
National Insurance	573,275	561,459
Council Tax/Water Rates	701,742	708,378
Stanley Trust	(120,000)	(121,800)
<b>Total Direct Costs</b>	<b>7,713,047</b>	<b>7,659,870</b>
<b>Indirect Costs</b>		
Relocation Costs	179,704	183,298
Dignitaries	351,372	354,885
Training	177,765	179,543
Miscellaneous Costs	167,425	198,476
<b>Total Indirect Costs</b>	<b>876,266</b>	<b>916,202</b>
<b>Budget Requirement</b>	<b>8,589,313</b>	<b>8,576,073</b>

Considerable work has continued throughout the last twelve months to ensure that the deployment and share calculations remain consistent. This in turn helps with the deployment models and planning carried out throughout each deanery.

In the course of the year the Archdeacons have been working on a Squad and Team concept, where the Squad equates to the "Establishment" or posts that would be filled if the Board could afford and the resources were available for every existing

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post to be filled. The Squad is the actual Stipend budget that is reflected in the table above and represents the number of posts that can be filled at any one time. The difference is known as the vacancy factor that was introduced some years ago and remains at 7%.

This is a natural vacancy factor. It has been identified that when a vacancy occurs, there is a natural time delay before the new Incumbent is appointed and takes up post – thus creating a natural saving within the budget. This is reflected in the costing models. It should be added that whilst this will put budgetary pressure on the Senior Staff, the priority is to remain filling as many posts with the right candidates as soon as possible. Certain contingencies have been put in place if the stipend budget is to exceed expectation in 2016 and future years, so it is important that this introduction of a vacancy factor is not seen as a cut or a deliberate attempt to delay appointments it is purely designed to reflect the reality of the situation

The figures reflect a reduction of 6 posts in 2016 as part of the overall reduction agreed in March 2012.

Included in the costs is the curate pool that remains at 38 posts – but does include an intake of 12 in 2016. This represents the full allocation of curates and is in line with the aspiration outlined in the Mission and Ministry Strategy approved by Synod in 2009.

The total number of stipendiary posts in the Budget is now set at 299 – it is expected to fall to around 288 by 2018.

**Stipend Increases** – In light of the current economic climate and financial pressures on the Board it has been agreed to increase the Diocesan Minimum Stipend (DMS) by 1.00% from April 2016. The National Minimum Stipend (NMS) is set to increase by 1.50% from April 2016. Nationally each Diocese is asked to set their DMS between the parameters of -1.50% and +2.50% of the Regional Stipend Benchmark (RSB). This RSB is set based on the NMS plus or minus factors for each particular area based on demographic data.

Lichfield currently pays at 0.10% above the RSB, and therefore such a recommended increase in DMS from April 2016 will provide an estimate figure in line with the RSB, and keep the diocese in line with our neighbouring diocese.

Relocation costs include Removal costs, Settling in Allowances and where applicable First Appointment Grants. Miscellaneous Costs includes Glebe Land outgoings, plurality expenses and sequestration costs. Most of these have been increased in line with the internal inflation rate included in the assumptions. There is an additional allowance included under Miscellaneous costs for any change or agreements put in place regarding payments to Voluntary Ministers.

Post	Jan to Mar 2016	From April 2016
Diocese Stipend	£24,540	£24,785
Curate Stipend	£23,250	£23,600*

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**B2 – Housing**

	<b>Budget 2015</b>	<b>Budget 2016</b>
Repairs	1,307,500	1,302,847
Other Outgoings	103,000	110,000
Mortgage Costs	42,000	-
Contingencies	24,330	28,976
<b>Total Housing Budget</b>	<b>1,476,930</b>	<b>1,441,823</b>
Administration	251,298	253,812
<b>Property Dept Budget Requirement</b>	<b>1,728,228</b>	<b>1,695,635</b>

The housing budget takes into consideration an average cost per house, so is closely linked to the housing stock. It will therefore in due course reflect any reduction in the number of houses as a result of the policy of selling surplus houses, as well as the increase in the cost of maintaining houses to the desired specification.

Overall the budget has decreased by 1.89%. This is partly due to the removal of mortgage costs from the Budget and treat them as capital items as part of the change in policy to limit the Maintenance Budget purely to pay for the genuine costs of ministry on a day to day basis. The Housing Budget does have a 4.50% up lift in expenditure but is then adjusted to take into consideration the reduction in stipend posts and potential surplus houses. This is required to maintain the correct balance on the Cost of Ministry formula; however experience to date has shown that the number of houses is not reducing at the same rate due to the appointment of part time posts and increased number of House for Duties. This in turn naturally reduces the average expenditure per property in “real terms”.

The Administration costs include the staffing costs required by taking in house the work of the Diocesan Surveyor. This decision has shown a significant increase in quality of work and value for money in areas of expenditure and there are savings of surveyor’s fees on various projects. In addition from 01 October 2013 the Property Department has a self-financing Service Level Agreement with the Cathedral to assist with care of the Cathedral Property Portfolio.

A project delegated from the Diocesan Investment Group to the Property Department was to ensure by the end of 2015 all Vicarages have double glazing. A total of £1m was originally set aside by the Investment Group from July 2009 from restricted funds to ensure that this work could be carried out as a priority across the Diocese. Some of this funding - £75,000 per annum was financed from within the Housing Budget until 2012. In order to finish the project some additional funds have been made available to support this project.

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The budget is continually under pressure but remains a crucial element of the diocesan finances in maintaining the assets of the Board and more importantly clergy morale.

### **B3 – General Synod**

	<b>Budget 2015</b>	<b>Budget 2016</b>
National Church Responsibilities	344,680	337,395
Training for the Ministry	352,754	467,546
Church Housing Assistance for Retired Ministers	122,713	129,499
Mission Agencies Pension Support	22,895	23,351
<b>Budget Requirement</b>	<b>843,043</b>	<b>957,791</b>

Lichfield Diocese's contribution to General Synod represents 3.20% (3.00% in 2015) of the overall General Synod budget totalling £29,930,432 (an overall increase of 2.54% on 2015).

The Lichfield Apportionment has increased due to the calculation of pooling support and to the number of Ordinands the Diocese has in training. This is reflected in the adjustment under Vote 1. In 2015 there was a downward adjustment of £48,973 compared to an additional payment of £70,475 in 2016. In addition the General Synod vote increased expenditure in this particular area by 2.30%, although subsidised centrally. Of course if the numbers going forward for training fall or rise then the Pooling Adjustment may result in larger increases or decreases in the future.

The largest increase in the General Synod Budget is 5% for CHARM (Clergy Housing Assistance for Retired Ministers).

There are currently ongoing discussions on the future Resourcing of Ministerial Education (RME) and in particular how this is funded. The outcome of these discussions may well have a future impact on the General Synod apportionment.

### **B4 – Administration**

The Budget for 2016 reflects the changing environment in which the Diocese operates. Following on from the increase in 2015 of 6.88%, due to the restructure in operations, it has been possible to reduce the central administration costs by 1.33% in 2016.

Overall these costs in total represent 6.26% of Diocesan Expenditure. For a charity of the size of the Diocese the accepted administration par is between 6% and 7%. However these costs are split between Diocesan Office, Statutory and Legal and Services to Parishes. The actual cost of direct administration (Diocesan Office) only

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represents 3.16% of overall Diocesan expenditure. Services to Parishes represent a further 1.64% and Statutory and Legal 1.46% as follows:

<b>Lichfield Diocesan Board of Finance Administration</b>	<b>Budget 2015</b>	<b>Budget 2016</b>
Diocesan Office/St Mary's House	500,196	500,358
Services to Parishes	258,864	261,453
Statutory and Legal	247,729	231,367
<b>Budget Requirement</b>	<b>1,006,789</b>	<b>993,358</b>

<b>Lichfield Diocesan Board of Finance Services to Parishes</b>	<b>Budget 2015</b>	<b>Budget 2016</b>
Safeguarding (exc DBS)	35,889	36,248
Communications	73,961	74,701
Parish Resources	96,472	97,588
Diocesan Trust	52,392	52,916
<b>Budget Requirement</b>	<b>258,864</b>	<b>261,453</b>

<b>Lichfield Diocesan Board of Finance Statutory &amp; Legal Costs</b>	<b>Budget 2015</b>	<b>Budget 2016</b>
General Synod Representation	20,002	16,667
Diocesan Synod	5,990	5,747
Diocesan Mission and Pastoral	28,471	28,756
Committee Expenses	7,337	7,440
Diocesan Registrar's Retainer	63,255	63,888
Diocesan Registrar's non-retained work	4,176	4,218
Clergy Discipline Measure	25,000	15,250
Chancellor	8,430	3,500
Faculty Fees	18,822	19,024
Parochial Registrars & Records Measure	1,000	1,000
Patronage Boards	2,000	2,000
DBS Expenses	11,621	11,737
Diocesan Advisory Committee	51,625	52,141
<b>Budget Requirement</b>	<b>247,729</b>	<b>231,367</b>

### **B5 – Central Support Services**

This section includes the work of the Central Sector Ministry and again has gone through some reorganisation to provide the services that are required to fulfil the current strategies and vision. The work (excluding Education) falls under the guidance and Leadership of the Bishop of Shrewsbury and this enables the areas to work together and maximise the excellent resources that are available to parishes. Education has its own Statutory Board and falls under the direction of its own trustees.

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The most significant change to this section of the budget was in 2013 when the Central Budget included Area Posts so the budget became more transparent and therefore allows the Bishop's Council a more strategic approach on the central services that are required. This also ensures that the true cost of all the services that are provided are clearly shown in the Budget. Previously the stipends and associated costs of Area officers were not included in this section.

However due to reductions in deployment, it is important to note that in order to retain an acceptable increase in Cost of Ministry, and to retain this area of the budget under the Synod policy of 10% - the Central Support Services were asked to reduce by £150,00 before the end of 2015.

Due to timing and some restructure, the 2015 Budget showed a slight increase. This has been reduced for the 2016 budget by 2.80%. It should be noted that the target of £150,000 will be achieved with the final reductions by the end of 2016 and with further retirements in the not too distant future, all posts will be reviewed fully before they are filled, unless there is a statutory requirement.

The total cost is equivalent to 7.41% of the Diocesan Budget. The work is split into four sections as follows: -

<b>Lichfield Diocesan Board of Finance Central Support Services</b>	<b>Budget 2015</b>	<b>Budget 2016</b>
Ministry	549,962	595,221
Mission	307,511	249,517
Transforming Communities	170,614	147,694
Education	181,807	183,625
<b>Budget Requirement</b>	<b>1,209,894</b>	<b>1,176,057</b>

### **1. Ministry**

This section includes Ministry Development, Local Ministry and Ministry Vocations as well as Pastoral Counselling. It covers work and support in developing the continued Ministerial Education of both Stipendiary and Non Stipendiary Ministry as well as developing Lay Ministry. From September 2015 there has been a revised agreement with Queens College in Birmingham who are running the Local Ministry Scheme within the Diocese, creating a satellite centre at Shallowford. This exercise is hoped to be cost neutral in the long term but some transitional support may be required in the short term. This budget includes Ministry Development Advisers

## **2. Mission**

In addition to providing Local Mission and Evangelism, this area also covers the work of:-

- Outreach work of the Director of World Mission
- Youth and Children's Officer
- Diocesan Growth Fund
- Co-ordinating Fresh Expressions and Messy Church across the Diocese.
- Reaching New Generations

## **3. Transforming Communities**

This section embraces different roles and ministry across the Diocese. The three main departmental priorities are environmental concerns, sharing ministry with older people, and tackling poverty and causes of poverty. The department includes mission in the economy and interfaith matters, as well as links with the Mother's Union, rural ministry, mental health chaplaincy, prison and community chaplaincies. Particular emphasis has recently been placed on twinning parishes under the "For Richer For Poorer" events, and also tackling poverty, promotion of Credit Unions and tackling churches being more Dementia friendly. The department facilitates a variety of support networks and is committed to promote inclusivity across the Diocese.

## **4. Education**

The Board of Education supports the Church of England Schools across the Diocese in helping to promote and assist in the promotion of Education in the Diocese, which is consistent with the faith and practice of the Church of England. In addition to promote or assist in the promotion of religious education and religious worship in schools in the Diocese.

These are exciting times in Education with the development of work with the new Academies and the creation of CECET (Church of England Central Education Trust). Further support to assist the advancement of this work may well be needed in further years. However it is equally hoped that the work with the Academies will be self-financing over time.

## **B6 – Development Funding**

Following the inclusion in last year's Budget to increase the amount to £690,000 from £475,000 in 2014 to be utilised towards Mission projects, it is with great delight that the Budget Review Group are able to not only retain and continue support for this area of expenditure, but due to additional funds being made available from the Church Commissioners increase the sum to just over £800,000. In commercial terms this would be described as Research and Development – to re imagine Ministry and Mission and try new areas or develop existing areas to compliment the five Themes.

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It is clearly broken up into three distinct Areas to match the funding streams and the expenditure that is attached to this area should be deemed as Short Term , maximum of three years at this stage, after which time it should become self-financing, integrated into the Diocesan Budget at the expense of other work or fulfilled its objectives.

### **Growth Fund**

As explained under Section A2 – the Church Commissioners have allocated £277,750 to Lichfield via the Mission Development Funding. Since 2005, the full amount of this funding has been allocated to the Growth Fund. Within the 2016 Budget, £200,000 of this money has been allocated to the Growth Fund. The money is used to support Mission Projects in parishes across the Diocese.

The Growth Fund has its own committee, chaired by the Bishop of Shrewsbury and served by the Director of Parish Mission. It reports or is accountable to the Finance and Central Services Committee.

With the cessation of Mission Development Funding by the Church Commissioners with effect from 2017, then if the Growth Fund is to continue either in its current format or a revised format, then the funding will need to be found from a different source.

### **Mission Development Posts (Seedcorn)**

Introduced in 2014 and an area financed from the Church Commissioners Ministry Support - the sum over and above £1.75m. In addition to the total of £0.401m allocated in 2014 and 2015, an additional £0.513m allocated in 2016, making a total available of £1.13m.

The projects should be strong well worked mission orientated projects, and of good minimum quality standard and ensure key criteria is clearly expressed in the objectives. The key criteria should be specific and measurable.

Each project will be required to have Critical Performance Indicators that will be measurable against the original objectives and aims of the project itself. Each project will be subject to an annual review at Bishops Council before the following years funding is approved.

Overall the fund will be managed and the projects accountable to Bishops Council, although the Board will have to demonstrate to the Church Commissioners how this funding has been used and the outcomes. The concept is if the projects are innovative and even if they fail can demonstrate imagination and different forms of Ministry and Mission then the Commissioners have indicated they are far more likely to continue with the additional funding. The key is not being afraid to fail and use the funds for new projects and new ideas, to be as imaginative and innovative as possible against the Diocesan Strategy and five Themes.

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The oversight of the projects will be via Bishop Staff and accountable to Bishop's Council.

### **Diocesan Projects**

Introduced in 2014 and represents a smaller pot financed from the additional £77,750 from the Church Commissioners Ministry Development Fund and £11,500 from the All Churches Trust.

This fund will be administered via the Budget Review Group and accountable to the Finance and Services Committee.

The fund is designed to consider one off grants towards specific aspects of the five Themes for Growth in particular Transforming Communities, Reaching New Generations and Growing Disciples, in particular to support the development of lay leadership.

### **B7 – DBS Pension Liability**

In September 2012 the DBS Pension was closed to Lay Staff. As a result the future pension liability payments in the Diocesan Budget had fallen by £100,000 to £79,589.

The latest valuation of the DBS Scheme shows that the fund is now in Surplus to the sum of £66,000. Therefore there is no requirement in 2016 to make deficit repayments.

In the 2015 Budget it was decided to include the costs of the administration of the fund, £10,800 per annum, this had previously been taken from contributions in the past, but the Scheme is now closed. This annual sum could be taken from the surplus if the diocese so desired. However it was decided to protect the surplus and pay the administration fee on a monthly basis as part of the overall contributions.

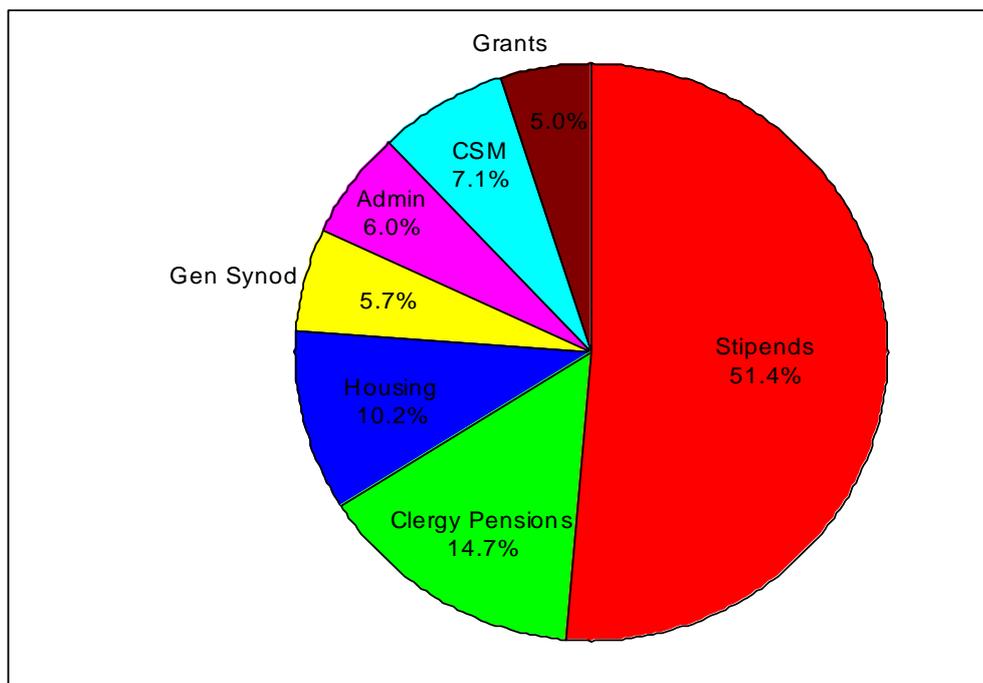
In the 2015 budget there was also a contingency payment of £39,800 to be transferred into a designated fund in order to build up a contingency reserve ahead of the next valuation at the end of 2016. However it the Budget Review Group have decided that at this present moment whilst there may be a need to build up some form of contingency reserve, using the Diocesan Budget seems inappropriate. Therefore the administration fee has been added to the Admin budget and the remaining contingency removed from the budget. If the Board is fortunate to make a surplus at the yearend then this may be used to build up the Pension reserve.

The new Defined Contribution Scheme that commenced from October 2012, has up to 15% contribution costs depending on contributions from staff, but has the added bonus of not increasing any future liabilities.

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Overall with the reduction in contributions and closure of the scheme this has saved the Board £300,000 per annum for the foreseeable future.

**Diocesan Budget Expenditure 2016**



**C. Forecast for Shortfall in Income**

Since 2006, the Board has not budgeted for 100% Share collection by the end of January the following year. Although it would very much like to achieve this target, it is unrealistic – in fact, no Diocese in the country has reported such a high collection rate of their current year’s Share apportionment. Therefore, in order to ensure the expenditure budget is set against a realistic level of anticipated income, a shortfall provision is included within the budget.

The calculation of the provision for shortfall is quite complex. As the Board has a policy of making a provision for doubtful debts in the accounts for all share arrears as at the year end, then share paid after the year end relating to prior years apportionment need to be taken into consideration. This is to avoid including all share arrears in the overall Board reserves.

In light of this the collection rate is monitored in two ways. Current Years Share, which in an ideal world would be collected by 31 December each year or 31 January the following year. This figure averages between 93% and 94%, although the 2012 figure was low at 91.90%, in 2013 this figure was 93.80%. In 2014 the collection figure was 94.15%.

However to take into consideration arrears payments as explained above the monitoring system used looks at all cash received in relation to share payments over a 12 month rolling period.

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This allows an indication to be given on share to be collected in cash terms in any one year. This is known as Overall Share receipts. The target had been set at 96% collection rate of overall share receipts. It is against this target the provision in the budget is set. With the changes in the Share Apportionment System and taking into consideration recent Share receipt figures, FACS were satisfied and recommended that the provision remained unchanged at 4%.

Overall Share collected in a 12 month period as a percentage of total Share requested

	2009	2010	2011	2012	2013	2014	2015
<b>Jan</b>	97.42%	95.49%	95.98%	95.02%	94.17%	96.48%	95.45%
<b>Feb</b>	96.06%	97.43%	95.11%	95.08%	94.85%	96.18%	94.52%
<b>Mar</b>	96.97%	96.47%	95.07%	94.77%	94.83%	96.12%	95.83%
<b>Apr</b>	97.06%	95.26%	94.86%	95.37%	95.82%	95.52%	96.20%
<b>May</b>	96.13%	95.13%	94.85%	95.68%	95.89%	95.27%	96.44%
<b>Jun</b>	95.89%	96.43%	94.59%	95.03%	94.45%	96.54%	96.78%
<b>Jul</b>	95.65%	95.26%	95.24%	95.75%	95.50%	94.86%	97.58%
<b>Aug</b>	94.75%	96.37%	95.49%	95.78%	95.17%	94.14%	98.89%
<b>Sep</b>	94.89%	95.81%	96.08%	94.75%	95.48%	94.56%	98.62%
<b>Oct</b>	94.92%	95.39%	96.09%	94.93%	95.69%	94.33%	
<b>Nov</b>	95.30%	95.61%	95.82%	94.82%	95.77%	93.95%	
<b>Dec</b>	96.20%	96.49%	94.73%	94.69%	95.46%	95.01%	

*\*The figures are correct as at the end of September 2015*

*The figures represent the Total Cash received in the preceeding 12 months irrespective of year of allocation as a percentage of total share requested in the same period.*

Whilst there will be arguments that 96% is too high and it is accepted that there is an element of risk involved; the Finance and Central Services Committee looked at the level of overall receipts in each of the last five years.

Year	Total Receipts in Calendar Year £'000
2010	11,238
2011	11,218
2012	11,258
2013	11,077
2014	11,026

With the revised share requested from parishes and a shortfall provision of 4% the net amount budgeted to be received in the Budget for 2016 is £11.156m (2015 £11.184m). This is not deemed to be an unreasonable expectation and it is on these grounds that the shortfall provision has been retained at the current level.

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**Regular Share Contributions**

In 2005 the Finance Committee challenged the Diocese to increase the amount of share received on a regular basis through Standing Order or later Direct Debit to 60%. With the registration of Direct Debit payments there has been an increase of regular direct payments as reflected in the table below – one challenge we faced as a Diocese is to try and increase that to 60% in 2015. This target was actually achieved in 2014 but the challenge is to now retain that level and if possible increase it. Something by every parish every month would make a significant difference to the liquidity of the Board – which in turn can help with keeping the Parish Share increase to a minimum each year as it allows the Board to generate greater internal income.

<b>AS AT 31 DECEMBER 2014</b>	62.56%
<b>AS AT 31 DECEMBER 2013</b>	59.11%
<b>AS AT 31 DECEMBER 2012</b>	55.27%
<b>AS AT 31 DECEMBER 2011</b>	52.69%
<b>AS AT 31 DECEMBER 2010</b>	53.28%
<b>AS AT 31 DECEMBER 2009</b>	50.69%
<b>AS AT 31 DECEMBER 2008</b>	49.20%
<b>AS AT 31 DECEMBER 2007</b>	46.90%
<b>AS AT 31 DECEMBER 2006</b>	45.85%
<b>AS AT 31 DECEMBER 2005</b>	41.98%
<b>AS AT 31 DECEMBER 2004</b>	33.73%

In recent years the actual performance in cash terms and number of parishes is as follows:-

	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Direct Debit – Parishes</b>	194	187	173
<b>Direct Debit Receipts</b>	3,910,487	3,580,348	3,297,209
<b>Standing Order – Parishes</b>	150	153	154
<b>Standing Order Receipts</b>	3,202,583	3,161,247	3,055,306
<b>Total – Parishes</b>	344	340	327
<b>Total Receipts</b>	7,113,070	6,741,595	6,352,515

In 2014 fifteen Deaneries (2013: 14 deaneries) pay regularly via Standing Order or Direct Debit and achieve the 60% benchmark as follows:-

Deanery	%	Deanery	%
Newcastle	87.23	Shrewsbury	68.52
Stafford	83.45	Cheadle	68.16
Lichfield	83.38	Stoke	64.94
Penkridge	77.21	Stone	62.13
Edgmond & Shifnal	76.07	Telford	61.88
Wolverhampton	75.01	Oswestry	61.42
Hodnet	73.74	Tutbury	60.42
Eccleshall	70.44		

#### **D. Strategy**

The 2016 Budget is set in the context of a longer term corporate strategy – continuing to bring vision and finance together. It very much remains vision and Mission based and not financially driven. It is appreciated that within it there are planned reductions in stipendiary numbers and reductions in other areas of work – however it must be remembered that due to falling resources this would have naturally happened.

What the budget tries to do is free up funds, over £800,000 to be used in supporting the Five Themes. This shows the intention to invest and continue to support new and existing diocesan projects that demonstrate and fulfil the aims of the Diocese to Transform Communities, Reach New Generations and Growing Disciples. Hopefully parishes will continue to demonstrate Practicing Generosity in delivering the Share and together that will enable the Diocese to all Discover the Heart of God. The Budget is very much driven by the diocesan Vision of Going for Growth by explicitly embracing the five themes.

#### **E. Forecasts**

As reported last year 2015 budget represented a period of change that will be rebalanced in the 2016 Budget for future years. The aim was to ensure that budgets going forward would be self-financing and this is shown in the latest forecast tables.

Future projected reductions are in the forecasts where known, such as in stipendiary posts.

The next triennial review of Clergy Pensions is due at the end of December 2015. Whilst recent recovery in certain market sectors may have reduced the full impact of the deficit had the review been undertaken 12 months ago, the advice from London and the Pensions Board is assuming a marginal increase.

Despite all the changes it remains key to any budget that the Board not only considers the current requirements and liabilities but tries to have a policy and process for future years. This avoids having a budget that satisfies the requirements of one year but simply stores up problems for later years. It is with this in mind that the Budget document and process normally includes a short-term strategy for the forthcoming 24 months, a medium term forecast for the next three years and a long-term view beyond 5 years. It is believed this has been achieved with this budget.

At this particular moment it is not possible to make accurate forecasts whilst the Plain Speaking/Deployment exercise is being undertaken and we await the final decision by the Church Commissioners on allocation of funds. The forecasts included within this document include what is known and what is being requested of Budget holders, however forecasts are forecasts and not Budgets set in stone.

### **Church Commissioners Allocation and Strategic Budget**

As previously mentioned in this document, there was a meeting in the July 2015 to discuss future support from the National Church. This meeting followed on from previous ongoing meetings with the Head of Policy and Strategy at the Church Commissioners.

The National Church has recognised a need for a longer term policy rather than the now antiquated triennial funding system. The policy is called Resourcing the Future. The decision to scrap the complicated Darlow formula used for Ministry or Stipend Support is very much welcomed. The replacement formula is more simplistic and based around Population and Average Income figures provided by the Office for National Statistics. More importantly this has allowed the Church Commissioners to give an indication of support for the next 9 years.

The negative is that the Mission Development Funding will cease for 2017 onwards – which was to be expected. In total the amount received by the Diocese will reduce but should still allow the Diocese to finance the day to day activities and also allow significant funds to be used for strategic work.

To replace the Mission Development Funding, the National Church has added considerable sums to a Strategic Development Funding allowance. This is a fund of around £24m per annum that Diocese may apply to for specific areas of work. The process is quite detailed and a current bid from Lichfield for Ministry and Mission Communities is being prepared.

It is expected that the Diocese will receive a total of £2.2m per annum until 2019 and then £2.1m from 2020 to 2025. The Budget Review Group have decided that in line with the policy approved three years ago to maintain the stipend support at £1.75m and this is reflected in the forecast model. The additional funding is transferred to a strategic fund for Mission orientated work across the Diocese – this will operate in a similar way to the Addition for Mission funding.

In addition to this funding the Diocese is trying to build up a Restricted Strategic Fund – also called Resourcing the Future. The concept is that the Diocese from Property and Glebe sales and developments proceeds will create a fund of approx. £7.5m by the end of 2018. Due to work in the current year the fund potentially already stands at £3m. The new fund will retain the capital value at £7.5m and aim to generate £350,000 per annum to support the Strategic work of the Diocese, making a total fund of £800,000 per annum.

It is important to note that the priority will remain in ensuring the Day to Day or maintenance budget is not adversely affected by this new fund. It will be designed to complement the budget and ensure that strategically mission orientated development work is not finance by the parishes. The diocesan budget will continue to support the day to day work in the diocese – Stipends, Housing and Central support.

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**Diocesan Budget 2016**

	Budget 2015 £	Budget 2016 £	Change %
<b>Financed by</b>			
Parish Share	11,650,120	11,621,175	(0.25)
Mission Development Funding	277,470	277,750	0.10
Ministry Support – Addition for Mission **	401,350	513,458	27.93
Other Stipends Income	1,748,830	1,872,795	7.09
Training Income	38,573	39,345	2.00
Investments & Donations	1,033,020	1,071,778	3.75
<b>Total Income</b> A	<b>15,149,363</b>	<b>15,396,302</b>	<b>1.63</b>
<b>Expenditure</b>			
Stipends	8,589,313	8,576,073	(0.15)
Clergy Pensions	2,394,832	2,449,968	2.30
Housing	1,728,228	1,695,635	(1.89)
General Synod	843,043	957,791	13.61
Administration	1,006,789	993,358	(1.33)
Central Support Services	1,209,894	1,176,057	(2.80)
DBS Pensions Liability	50,000	-	(100.00)
Diocesan Growth Fund	200,000	200,000	-
Diocesan Projects	88,970	89,250	0.31
Mission Development (Seedcorn)	401,350	513,459	27.93
Miscellaneous Grants	29,568	29,864	1.00
<b>Total Diocesan Expenditure</b> B	<b>16,541,987</b>	<b>16,681,455</b>	<b>0.84</b>
<b>Shortfall</b> A-B	<b>(1,392,408)</b>	<b>(1,285,153)</b>	<b>(7.72)</b>
Church Comm Ministry Support **	1,750,000	1,750,000	-
Contingency in Shortfall in Inc	(466,005)	(464,847)	(0.25)
Transfer to/(from) Reserves	(108,628)		

\*\* - The Church Commissioners Ministry Support Allocation for 2016 is £2.151m. £1.75m of this Allocation is being treated as more secure and longer term funding whereas the £0.513m is being treated as variable and shorter term funding and therefore being used to support specific identified Mission orientated projects.

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**FORECAST BUDGET 2015 TO 2021**

	<b>Budget 2015 £</b>	<b>Draft 2016 £</b>	<b>FORECAST 2017 £</b>	<b>FORECAST 2018 £</b>	<b>FORECAST 2019 £</b>	<b>FORECAST 2020 £</b>	<b>FORECAST 2021 £</b>
<b>INCOME</b>							
PARISH SHARE	11,650,120	11,621,175	11,737,387	11,854,761	12,091,856	12,333,693	12,580,367
CHURCH COMMISSIONERS:STIPENDS ALLOCATION	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000
CHURCH COMMISSIONERS:ADDITIONAL FOR MISSION	401,350	513,459	450,000	450,000	450,000	350,000	350,000
CHURCH COMMISSIONERS:MISSION DEVELOPMENT	277,470	277,750	-	-	-	-	-
OTHER STIPENDS INCOME	1,748,830	1,872,795	1,928,979	1,986,848	2,046,454	2,107,847	2,171,083
TRAINING INCOME	38,573	39,345	40,132	40,934	41,753	42,588	42,588
INVESTMENTS & DONATIONS	1,033,020	1,071,778	1,093,902	1,116,490	1,139,550	1,163,094	1,187,131
<b>TOTAL BUDGET INCOME</b>	<b>16,899,363</b>	<b>17,146,302</b>	<b>17,000,399</b>	<b>17,199,033</b>	<b>17,519,613</b>	<b>17,747,222</b>	<b>18,082,020</b>
<b>EXPENDITURE</b>							
STIPENDS	8,589,313	8,576,073	8,574,347	8,643,228	8,812,626	8,988,894	9,125,646
PENSIONS	2,394,832	2,449,968	2,496,276	2,509,614	2,559,806	2,605,994	2,647,896
HOUSING	1,728,228	1,695,635	1,740,732	1,793,277	1,829,143	1,865,726	1,903,040
GENERAL SYNOD	843,043	957,791	972,102	991,554	1,016,332	1,041,740	1,067,784
ADMINISTRATION	1,006,789	993,358	1,013,773	1,034,597	1,055,837	1,077,501	1,099,599
CENTRAL SUPPORT SERVICES	1,209,894	1,176,057	1,147,327	1,170,274	1,193,679	1,217,553	1,241,904
DBS PENSION DEFICIT	50,000	-	-	-	-	-	-
DIOCESAN GROWTH FUND	200,000	200,000	-	-	-	-	-
DIOCESAN PROJECTS	88,970	89,250	-	-	-	-	-
MISSION DEVELOPMENT POSTS (SEEDCORN)	401,350	513,459	450,000	450,000	450,000	350,000	350,000
MISCELLANEOUS GRANTS	29,568	29,864	30,461	31,070	31,692	32,325	32,972
<b>TOTAL DIOCESAN EXPENDITURE</b>	<b>16,541,987</b>	<b>16,681,455</b>	<b>16,425,018</b>	<b>16,623,603</b>	<b>16,949,114</b>	<b>17,179,733</b>	<b>17,495,841</b>
Budget Incoming/(Outgoing) Resources	357,376	464,847	575,381	575,429	570,489	567,489	586,180
Less Provision for Shortfall in Share Receipts	(466,005)	(464,847)	(469,495)	(474,190)	(483,674)	(493,348)	(503,215)
Agreed transfer reserve	108,628	-					
<b>Budget Surplus/(Deficit) for the year</b>	<b>(0)</b>	<b>0</b>	<b>105,886</b>	<b>101,239</b>	<b>86,824</b>	<b>74,141</b>	<b>82,965</b>

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Lichfield Diocese – Cost of Ministry 2016

<b>DIRECT COST OF STIPENDS</b>	<b>Cost 2016 £</b>	<b>Pence Per/£ 2016</b>	<b>Cost 2015 £</b>	<b>Increase %</b>
Stipend	24,724	37	24,450	1.12%
National Insurance	1,939	3	1,972	(1.69%)
Employers Pension	9,254	14	8,663	6.82%
Council Tax	2,147	3	2,075	3.47%
Water Rates	489	1	477	2.52%
Housing Repairs and Maintenance	5,929	9	6,000	(1.20%)
<b>TOTAL DIRECT COST PER POST</b>	<b>44,482</b>	<b>67</b>	<b>43,637</b>	1.94%
Cost of training curates	6,722	10	6,501	3.40%
Training of Ordinands	2,144	3	2,126	0.81%
<b>TOTAL COST OF TRAINING FUTURE VICARS</b>	<b>8,866</b>	<b>13</b>	<b>8,627</b>	2.76%
<b>TOTAL COST OF MINISTRY IN PARISHES</b>	<b>53,348</b>	<b>80</b>	<b>52,264</b>	2.07%
<b>Other costs to be covered:-</b>				
Expenses of Office	999	2	706	41.52%
Specialist Ministry	6,092	9	6,150	(0.95%)
Statutory & Admin Costs	4,014	6	4,051	(0.92%)
Contribution to the National Church	1,980	3	1,965	0.80%
<b>Total Other Costs</b>	<b>13,085</b>	<b>20</b>	<b>12,872</b>	1.66%
<b>Average Gross Cost per post</b>	<b>66,433</b>	<b>100</b>	<b>65,136</b>	1.99%
<b>Less Income from Other Sources</b>				
Diocesan Generated Income and Reserves	14,443		13,896	9,24%
<b>Total Net Cost per post</b>	<b>51,990</b>		<b>51,480</b>	0.99%

\*\* Church Commissioners Allocation has been removed from the overall Cost of Ministry to be apportioned through a weighted formula to support Ministry in specific areas. If the Allocation had been included then the Net Cost of Ministry for 2016 would be £44,917 compared to £44,465 in 2015. The above table shows that 80% of costs are directed to support Ministry in the parishes compared to Share creating 66.90% of the income generated in the year.